

Message Text

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ACTION ARA-10

INFO OCT-01 EB-08 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 DODE-00 FPC-01 H-01 INR-07 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-04 USIA-06 OES-06 SP-02

SS-15 STR-04 TRSE-00 ACDA-07 PA-01 PRS-01 /100 W

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AMEMBASSY BUENOS AIRES

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E.O. 11652: N/A

TAGS: BENC, ENRG, ECRE, PA, AR

SUBJ: PROGRESS REPORT - YACYRETA HYDROELECTRIC PROJECT

1. SUMMARY. THE ARGENTINE- PARAGUAYAN HYDROELECTRIC PROJECT OF YACYRETA IS STILL AT DEAD CENTER, AS SEARCH FOR FUNDING CONTINUES. CALLS FOR BIDS TO SUPPLY ENGINEERING SERVICES AND ACTION ON PREQUALIFYING BIDDERS WILL PROBABLY BE DELAYED FOR AT LEAST SIX MONTHS AND PERHAPS LONGER. END SUMMARY.

2. THE AVAILABILITY OF FUNDING FOR THE ARGENTINE-PARAGUAYAN HYDROELECTRIC PROJECT OF YACYRETA-APIPE CONTINUES TO BE THE CRUCIAL POINT WHICH MUST BE RESOLVED BEFORE WORK CAN BE STARTED. REQUESTS FOR LOANS HAVE BEEN PRESENTED TO BOTH THE WORLD BANK AND TO THE INTER-AMERICAN DEVELOPMENT BANK. HOWEVER, BEFORE SENDING A MISSION TO STUDY THE PROPOSAL, THE BANKS HAVE REQUESTED ADDITIONAL TECHNICAL INFORMATION, A REVIEW OF MARKETING PROSPECTS (PARTICULARLY THE EXPECTED GROWTH IN DEMAND IN ARGENTINA), AND THE COMPLETION OF A MACROECONOMIC STUDY OF ARGENTINA, TO
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DETERMINE IF IT CAN SUPPORT THE COST OF THE PROJECT. IN THE TECHNICAL AREA, ONE OF THE KEY QUERIES IS WHETHER OR NOT THE CONSTRUCTION OF THE COMPENSATION DAM CAN BE DELAYED UNTIL AFTER THE FIRST SET OF GENERATORS ARE INSTALLED. IF THIS TIME SCHEDULE IS TECHNICALLY FEASIBLE, THE EXPENDITURE OF A LARGE SUM CAN BE POSTPONED UNTIL THE PROJECT BEGINS TO SUPPLY ELECTRICITY.

ACCORDING TO THE PARAGUAYAN EXECUTIVE SECRETARY OF THE BINATIONAL ENTITY, ENGINEERS FROM BOTH IBRD AND IDB ARE CURRENTLY IN BUENOS AIRES HOLDING DISCUSSIONS WITH ARGENTINE OFFICIALS.

3. TIMING OF THE PROJECT REMAINS UNCERTAIN. PARAGUAYAN OFFICIALS HOPE THAT THE BANKS WILL HAVE NO ADDITIONAL QUESTIONS AND THAT THE OFFICIAL MISSIONS TO DISCUSS THE LOAN CAN BE SCHEDULED FOR MID-1977. IN THE MEANTIME, UPON THE ADVICE OF THE BANKS, THE ENTITY IS NOT EVEN GOING AHEAD WITH CONSTRUCTION OF LOCAL FACILITIES, SUCH AS HOUSING AND ROADS. AS OF THIS DATE, THE BINATIONAL ENTITY IS STAFFED, THE PRELIMINARY ENGINEERING PLAN COMPLETED, AND MANY OF THE TECHNICAL BILATERAL AGREEMENTS ON LABOR, SOCIAL SECURITY, ETC., HAVE BEEN SIGNED. AT THE PROPOSED DAM SITE, EIGHT WORKERS' HOUSES HAVE BEEN COMPLETED AND THE ENTITY IS MAINTAINING THE ROAD SYSTEM IN THE AREA.

4. INTERNATIONAL BIDDING ON PROJECTS OF PARTICULAR INTEREST TO U.S. BUSINESS (SUPPLY OF ELECTRO MECHANICAL EQUIPMENT AND ENGINEERING MANAGEMENT SERVICES) IS LIKELY TO BE DELAYED UNTIL 1978. THE ENTITY HAS NOT, AS YET, TAKEN ANY ACTION ON THE PREQUALIFICATION OF FIRMS TO SUPPLY TURBINES AND GENERATORS ALTHOUGH THE DOCUMENTS WERE SUBMITTED IN JULY 1976. WITH RESPECT TO OVERALL MANAGEMENT OF THE PROJECT, YACYRETA OFFICIALS ARE AS YET UNSURE WHETHER THEY WILL CALL FOR INTERNATIONAL BIDS OR WILL NEGOTIATE. IN EITHER CASE, THE LIMITED OFFICIAL USE

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CONSORTIUM WHICH PREPARED THE BASIC ANALYSIS OF THE PROJECT (HARZA-LAHMEYER AND ASSOCIATES) WILL BE THE LEADING CONTENDER.
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Message Attributes

Automatic Decaptioning: X
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Errors: N/A
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